

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4170-01
Bill No.: HB 1571
Subject: Retirement - State Employees
Type: Original
Date: March 5, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway Fund	\$0	(Unknown)	(Unknown)
General Revenue	\$0	(\$3,400,000)	(\$3,400,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$3,400,000 to Unknown)	(\$3,400,000 to Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that this legislation does represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of State and 3) the Joint Committee on Public Employee Retirement as public information for at least five (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

Officials with the **Missouri State Employees Retirement System (MOSERS)** assume that this proposal would, if enacted, allow any member who retired prior to July 1, 1990 to receive a monthly increase equivalent to five dollars multiplied by the member’s number of years of credible service.

For members retired prior to July 1, 1990, current monthly benefit will be increased by the number of years of service at retirement multiplied by five dollars. As proposed, this benefit would receive future scheduled cost-of-living adjustments.

MOSERS notes that based upon the annual payroll for the June 20, 2001 valuation projected forward two years, the increase in total contribution would be \$3.4 million in the first year after the benefit change.

Oversight assumes that the fiscal impact is unknown.

Officials with the **Missouri Highway and Transportation Employees and Highway Patrol Retirement System (HRS)** assume enactment of this legislation will result in additional contributions to our retirement system by MoDOT and the Highway Patrol.

ASSUMPTION (continued)

The legislation would not apply to individuals who currently are survivors of deceased retirees.
 Estimated annual cost of this legislation:

MoDOT		\$637,200
Patrol		
Non - Uniformed	\$ 86,400	
Uniformed Patrol	\$122,200	<u>208,600</u>
Total		\$845,800

Oversight assumes the fiscal impact is unknown

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE FUND

<u>Cost</u> - Increase in Contributions to MOSERS	\$0	(\$3,400,000)	(\$3,400,000)
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ESTIMATED NET EFFECT GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$3,400,000)</u>	<u>\$3,400,000</u>
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HIGHWAY FUND

<u>Cost</u> - Increase in Contributions to HRS	\$0	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT HIGHWAY FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

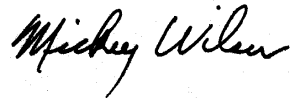
This bill allows retirees of the Missouri State Employees' Retirement System who retired prior to

July 1, 1990, upon application to the retirement board, to receive a monthly increase of \$5 times the number of years of creditable service. The increase applies only to the old plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Highway Department and Highway Patrol Employees Retirement System
MOSERS
Joint Committee on Public Employees Retirement



Mickey Wilson, CPA
Acting Director
March 5, 2002